

SENATE—Wednesday, February 14, 2001

The Senate met at 10:00 a.m. and was called to order by the Honorable LINCOLN CHAFEE, a Senator from the State of Rhode Island.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

O God, here we are decked out with red ties, blouses, and dresses, ready to celebrate Valentine's Day. Thank You for those we love—our spouses and families, our friends, and those with whom we work. You are the artesian well of true love. Good thing, Father, for we also need love for those we find it hard to like!

May this be a day in which Your love is expressed in our words, attitudes, and actions. Particularly, we need Your help to express affirmation to those who need assurance, encouragement to those who have heavy personal burdens to carry, and hope to those with physical pain. Our prayer for each of these is not to remind You of what You already know, but to place ourselves at Your disposal to be messengers of Your love in practical ways and in heartfelt words. May this be a "say it" and "do it now" kind of day. Amen.

PLEDGE OF ALLEGIANCE

The Honorable LINCOLN CHAFEE led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,

Washington, DC, February 14, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable LINCOLN CHAFEE, a Senator from the State of Rhode Island, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. CHAFEE thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to exceed the hour of 2 p.m. with Senators permitted to speak therein for up to 10 minutes each.

Under the previous order, the time until 10:40 a.m. shall be under the control of the Senator from Wyoming or his designee.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Wyoming, the acting majority leader, is recognized.

SCHEDULE

Mr. THOMAS. Today, the Senate will be in a period of morning business throughout the morning until 2 o'clock. Following morning business, the Senate will begin consideration of S. 320 regarding copyright and patent laws. By previous consent, there will be up to 1 hour of debate on the bill, with the vote on passage expected to occur at approximately 3 p.m. There may be some slippage of time there. Some Members may be returning, I believe, from West Virginia. It could be 3:15.

The Senate could also consider the Paul Coverdell Peace Corps bill and the small business advocacy bill during this week's session, as well as any executive nominations that are available. I yield the floor.

(The remarks of Mr. THOMAS pertaining to the introduction of S. 322 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. THOMAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX RELIEF

Mr. SANTORUM. Mr. President, I understand my colleague from Wyoming was talking today about the President's proposal on tax relief. I have been watching a little bit of the debate on the floor of the Senate. I have to say, this debate is somewhat disturbing.

We have been discussing taking some of the money people have worked hard to earn and have sent here to Washington—and we have a surplus of money coming here now; we have a tax surplus for which people have worked hard, they have earned it, they have sent it to Washington, and we have enough money to pay for all the bills we have right now—and now we are talking about how can we take some of this money that people worked hard to earn and return it to them.

In the discussion and debate we hear some saying that people who are paying less in taxes are going to get less money back in real dollars than people who pay a lot more in taxes are going to get back and that somehow is unfair. For example, if somebody who pays \$200 in income taxes is going to get tax relief of \$200—in other words, many people under the proposal being put forward are going to simply have all of their tax liability eliminated. If they are paying \$200 in taxes and they are going to get \$200 in tax relief while someone who pays \$300,000 in taxes is going to get \$30,000 in tax relief, somehow or another that is unfair; it is unfair that this one person who is a hard-working person is only going to get \$200 under this proposal and some fat cat is going to get \$30,000, and that is unfair.

So we see pictures: Here is what the fat cat is going to get, here is what the poor working person is going to get, and that is not fair. Except for the fact, if you step back and say, wait a minute, how much is this person who is paying a lot of taxes—how much are they paying and what is their relief versus what someone who has a lower income is paying and what is their relief? If we were going to balance this according to fairness as described by some, then there should be equal tax relief, even though there is not equal payment of taxes.

When a surplus is created because people have overpaid taxes and we want to relieve the tax burden on those who have overpaid, then I think fairness dictates we give tax relief to everybody who has contributed to the overpayment somewhat in proportion to what they have overpaid. That, to me, would be fair.

What would be unfair is for someone who pays \$200 in taxes to get \$20,000 in tax relief as opposed to someone who pays \$300,000 in taxes to get \$300 in tax relief. Some would suggest that is fair. I suggest that is typical Washington wealth redistribution because we know who the more deserving are here in Washington.

What we are putting forward is as fair as we could possibly do it. In fact, if you look at the numbers, the top income earners and the top taxpayers in this country are going to end up with an increased burden of taxes. If you look at all the people paying taxes and whose share of the tax burden is going to go up after this proposal if it is passed as the President suggested, the tax burden on the higher income people will actually go up relative to everybody else.

Some would argue that is unfair. Some would argue that we are not giving enough tax relief to those who are higher income to keep the distribution of who pays taxes the same. But we are shifting the distribution to higher income.

We are going to hear lots of arguments about fairness. I always use this example—I think it is the best example—between what we are trying to accomplish and what some on the other side would suggest is fair.

I use the example of people who buy tickets to a baseball game. You pay and the game gets rained out. It is the last game of the year, so they have to refund your money. There are people who paid different prices for different seats in the baseball stadium. Some paid for the seats right down in front, maybe \$25 a ticket. Then you paid for some up here in the loge boxes, maybe \$15 a ticket. And then there are some folks up here in the outfield and they paid \$5 a ticket. The game got rained out. So what do the owners of the baseball team have to do? They have to refund your money. You have overpaid. But you didn't get what you were promised. You overpaid. Get your money back.

What I would suggest as fair is, people who pay the \$25 get \$25 back, people who pay the \$15 get \$15 back, and people who pay \$5 get \$5 back. The guy outside who just happened to be driving by and didn't buy a ticket does not get any.

To some on the other side of the aisle, here is what they believe is fair. The guy who paid \$25 gets \$5; because he obviously can afford \$25, he doesn't need all of the money returned. It is the guy up there who paid \$5 who probably needs more money, and not only are we going to give him \$5 but we are going to give him \$15 back. The guy in the middle who paid \$15, we will give him \$15. We feel so bad about the guy outside who didn't get a chance to pay and come in that we are going to give him some money, too.

Is that fair? No. I do not know of an owner of a baseball team who could get away with something like that. It is patently unfair to do it that way. I think most Americans would agree that is fundamentally unfair. That is what we were talking about. For people who have paid a tremendous amount of money for which they have worked

hard, we are suggesting they get back somewhat in proportion to what they paid as well as everybody else.

In fact, we are not suggesting that. We are suggesting they not get back quite as much proportionately, but we do in fact shift it. If you are going to take the example of the baseball stadium, instead of giving \$25 back, they get \$20 back. The guy paying \$15 maybe gets \$17 back, and the guy up here, instead of getting \$5 back, may get \$8 or \$10 back.

There are those who would suggest that is unfair. I would suggest that is more than fair. For the folks who are paying the \$25 for the ticket, some would suggest it is unfair to them. It is more disturbing if we look at the underlying motive behind this discussion. It really is a discussion that I think is not really worthy of us in Congress; that is, this idea of class warfare; that somehow or another, if you have worked hard and you have been successful starting a business or creating a company, if you have tremendous capital talent as a great singer or a great athlete—whatever the case may be—and you have been successful financially, somehow or another that is bad and you should be punished and should be paying exorbitantly more than people who have not been as successful.

Obviously, there is a small group of people who are very wealthy in this country. It is very small—about 4 percent. It is a lot more popular to go out and argue for the folks who are in the middle class, the large majority of Americans. We say: We are for you, and we are going to give you more money in this tax relief. Under the Bush proposal, they get proportionately more money. But somehow they argue they are undeserving: They pay the vast majority of taxes, but they need to pay more, and they don't deserve relief because they have money. I don't think that is necessarily an ennobling argument.

I think the argument President Bush puts forth that no one in America should pay more than one dollar out of every three to the Federal Government in taxes is a statement with which most Americans would agree. Right now, higher income individuals pay about 40 percent of every dollar they earn in Federal taxes, not to mention other taxes they have to pay. When we have a surplus and the surplus has been generated by the fact that a lot of people have overpaid their taxes, my feeling is, what is unfair if you give every taxpayer tax relief?

To the extent we can, yes, we should help others. There are going to be proposals you are going to see considered to give people relief who didn't get in the stadium and pay for the ticket. They will get some relief, if you will. Even though they did not pay, they are going to get some money out of this. Why? Because we want to create more

opportunity for people so someday they get inside the stadium.

We would like everybody to pay taxes in the sense that everybody would be economically successful, and enough that they would be in a tax bracket that would require it. We are about providing opportunities. We are also about fairness. I think that dictates that we provide tax relief across the board to those who pay.

The other thing we should think about when we put a tax bill together is: What are we trying to accomplish? What is the goal? Obviously, as I stated before, we have too much money. I would like to get it out of Washington before we spend it.

There are those of us who come to the floor year after year to say if we don't give tax relief, and if we don't get this money out of Washington, rest assuredly it will be spent. Just at the end of last year, we added to the 10-year budget of the United States \$600 billion in new spending. I did not hear a word from those who now say we don't need tax relief and who have suggested we were spending the surplus that we didn't have. We hear a lot of people say we can't do tax relief because we don't know that the surplus is going to be there and therefore we shouldn't commit ourselves to this relief. They did not make that complaint when we were talking about spending the \$600 billion surplus that we didn't have last year.

I argue that if the money stays in Washington and we don't provide tax relief, the money will be spent, as sure as anything I can promise. It will be spent if it sits on the table. We just can't help ourselves. I think it is important to get that money back out. Why would we want to do that other than just do it so we don't spend it?

We have heard lots of reports about what the economy looks like now and in the future. We have had an unprecedented string of years of economic growth. But I think it is important, as several other economists said—and Alan Greenspan—that in the future to avoid an economic slowdown we have lower rates of taxation and more money in the economy for investment and job creation.

By the way, who is creating the jobs? We have heard many times some of my colleagues on the other side of the aisle talking about not having to provide tax relief for higher income individuals. But who creates the jobs? The employer. They seem to like employees but hate employers. I do not know of too many employees who find jobs if there are not employers. Providing tax relief to people who will take that income and go out, as some have suggested, and buy a Lexus—if you are earning \$2 million or \$3 million a year, you already have a Lexus, if you want one. But they will go out and take that money and invest it to create jobs, and create opportunities so we can take

some of those people outside the stadium who didn't have the chance to buy the ticket and give them a job so they can become taxpayers.

It is important not just to get the money out of Washington, but it is also vitally important to help our economy and create economic opportunities for people who need economic opportunities down the road.

There are some other things we need to do, again in the name of fairness. There is a lot of discussion about fairness. The President's proposal is that we have marriage penalty relief. It is unconscionable that on Valentine's Day there are people in America who will get married and, by virtue of the fact that they get married, have to pay more in income taxes. At a time when we want to encourage marriage through the Tax Code, we penalize it. That is unconscionable and unfair. Under the President's proposal, we go a long way to eliminating that marriage penalty.

Mr. President, death should not be a taxable event, but it is. What we are suggesting is that over a 10-year period of time we phase out estate taxes on people who die. I think most Americans would agree that if someone has a piece of property and they die and pass it on to the next generation, when that next generation sells the property, they should be taxed on the capital gains. But if in fact the person dies, it should not be a taxable event on the next generation. The greatest impact of that is on the family farm, the small business man or business woman when they want to pass that business on to the next generation after they die. They have to sell the farm or the business so they can pay the taxes that are due.

Whom does that hurt? Obviously, it hurts the businessperson. But how about the people who work for that business, where that business has to go out of business simply to pay taxes or where the business has to be sold simply to pay taxes.

So, again, it is the old story. Most Americans realize this. When you stand up here and say: "We are going to go after and get the rich, we are going to make sure they pay even more and more and more taxes," ultimately who gets hurt is the people at the bottom and the middle because they do not get the quality jobs or they do not get the kind of strong economy that makes for a better quality of life.

So I think what we are talking about here is tax relief for every taxpayer. Some suggest that is not fair. I would suggest that is the only fair way to do it; when you have a tax surplus, you give it back in proportion to how much the people paid. That, to me, would be fair.

If you think your job is to not be fair but to redistribute wealth—that is the object here, to redistribute the wealth

based upon who we believe, in Washington, are more deserving. Let's be clear about it; that is what we are doing. We are saying some people are more deserving than others, and we are going to choose to take some people who worked hard, earned this money, sent it to Washington—we are going to take their money and give it to other people because we believe that is fair. We do a lot of that already. But now we are suggesting, because there is an overpayment, here is an opportunity to do more of that.

I argue that is not what we should take advantage of. We should take the opportunity to create an across-the-board, fair tax reduction for every working American, every taxpayer.

So that is what the debate is going to be about. I hope we will look at the underlying policy of why we are trying to do this, not just here is how much X gets and here is how much Y gets but look at the underlying policy: Are we trying to pass tax relief that is going to accomplish economic growth? If so, how do we best do that? Let's have a discussion about that.

Are we trying to eliminate provisions in the Tax Code that are unfair, such as the marriage penalty and the death tax? I argue that the alternative minimum tax has become unfair on a lot of middle class, working Americans who now have to pay that tax.

If we look at it and we take it a step at a time, we will deal with the fairness issue. Let's take care of that issue, and then let's try to do something across the board that does something for economic growth; we must have as part of our agenda not just fairness but growth because the ultimate equalizer, if you will, the ultimate creator of opportunity, is economic growth.

I believe that unless we do something to create a tax system that enables more economic growth in the future, then a lot of folks to whom we are going to shift a little money—as some suggest, that you take from higher income and give it to lower income—they are going to find themselves either in lower paying jobs down the road or with no jobs. That is not a good result for anybody.

So again, let's keep our eye on the ball. Yes, get the money out of Washington; yes, provide some tax fairness; but also, let's make sure we do a tax reduction that is going to result in a growing economy over the long term. That, to me, dictates, as Alan Greenspan said yesterday, a rate reduction. The best way to assure economic growth is an across-the-board rate reduction.

So if what we care about is avoiding a deep recession or a recession altogether in the next 3 or 4 or 5 years, the best way to accomplish that is a rate reduction for all taxpayers.

One other point. Some have mentioned what we are talking about here

is Federal income taxes: You have a lot of taxpayers who have to pay FICA taxes and Medicare taxes, and they are not getting any tax relief.

I would make two comments on that. No. 1, FICA taxes or Social Security taxes, when they are paid, obviously, fund a program, the Social Security program, or the Medicare program in the case of Medicare taxes. But they also make you eligible for a benefit. The benefit is so structured today where lower income individuals get a much higher percentage benefit than higher income individuals. So the program is already structured, No. 1, that you pay the tax to assure a benefit down the road.

So it is not like income taxes, where you just sort of pay the tax and it goes to the general welfare. But this actually earns you, if you will, a particular benefit. It is the same with Medicare. So you are getting something directly for you for the dollars you are contributing.

Secondly, we are paying too much in Social Security taxes now. We have a surplus. Some of us have argued—and I will continue to argue—instead of bidding up what I consider to be a phony surplus, with just basically IOUs in the Social Security trust fund, which are future obligations for taxpayers, and nothing more than that, I would suggest we take this surplus and allow younger workers to invest that money, to create real opportunities for them so they can have real money, real assets that can pay real benefits 20, 30, 40 years from now, instead of creating IOUs which are simply a claim on their children's taxes 30 years from now or 40 years from now. And that would not be a real economic asset; it would simply be a real economic obligation of future generations.

I argue that the better way to accomplish that, instead of overtaxing current workers, which we do with Social Security and Medicare—I am going to focus on Social Security right now—instead of overtaxing Social Security payers, people who pay Social Security taxes today, let's give them the opportunity of setting that money aside, investing it over the long term, accumulating assets, and then using that real asset—a real economic asset—to come back 30 years from now to help pay for those benefits. That would be instead of, in a sense, putting that IOU away.

I will use this as an example. I think it is a good example. I went to a group of high school students the other day, and I asked: How many of you out here work? About half the hands went up. I asked: Where do you work? One kid said: Burger King. I said: Right now you work at Burger King, and you have to pay Social Security taxes. And 12.4 percent is what the Social Security tax is. You pay 12.4 percent, but all that money does not go to pay benefits. That is what it traditionally has done.

All the money would go right out to pay benefits. But in this case, you are paying more than you need to.

You only need to pay a little over 10 percent to pay for current beneficiaries. Money comes in, goes out to beneficiaries, but we have a surplus, a little over 2 percent. So you pay more than you need to now. So we are taking more money out of your paycheck than we need.

What do we do with that surplus money in Social Security? Social Security has cash. Can Social Security hold cash? It would be a smart thing for them to do. No. They have to invest that money. Where do you think they invest the money? Treasury bonds. What are Treasury bonds? Debt of the Federal Government.

So Social Security gives money to the general fund, and the general fund puts a note back into Social Security. It is an IOU. It is a Treasury bond that pays interest.

Now let's talk about that 18-year-old 30 years from now. Thirty years from now, that 18-year-old is still paying taxes. He is 48 years old. Then, instead of having a surplus in Social Security, we have a deficit. So then what we will have to do is raise Federal taxes because we will have to start repaying those bonds. We have to put the money back into Social Security.

So what are we going to have to do? Thirty years from now, we are going to go to that person who paid too much in taxes in the first place to create the IOU, and now we are going to have to increase their taxes so they can pay back the IOU they created by paying too much taxes in the first place. So they get to pay twice for this benefit. That is not fair.

So I think we do need to create personal retirement accounts. That is one way we can solve the problem of Social Security taxes.

The Senator from Colorado is here, and I am happy to yield the floor to him.

The ACTING PRESIDENT pro tempore. The Senator from Colorado.

Mr. ALLARD. Mr. President, I thank the Senator from Pennsylvania for yielding and certainly appreciate his hard work and dedication on the issue of taxes. I served with him in the House and now serve with him in the Senate. He is certainly a great American.

I understand that we are moving into time controlled by Senator BOND and Senator COLLINS. I have a number of points I want to make in relation to national defense. I would like to yield to my colleague from Missouri to visit with him a little bit on how he plans to manage the time and what his plans are.

The ACTING PRESIDENT pro tempore. The Senator from Missouri.

(The remarks of Mr. BOND and Mr. ALLARD pertaining to the introduction

of S. 336 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The ACTING PRESIDENT pro tempore. The Senator from Colorado is recognized.

NATIONAL DEFENSE

Mr. ALLARD. Mr. President, I rise today to talk about our national security and defense. This is the week the President has decided to emphasize defense. I will take a moment to review briefly where we are as far as the National Missile Defense Program is concerned. Before I do that, I will lay out a few things for the record.

First, this week the President has decided to talk about quality of life. He has emphasized the fact that soldiers enlist, but families reenlist, trying to address the problems we have with retention in our military services. I wholeheartedly agree with him in his efforts. He has made tremendous strides in that direction, when he says he will go ahead and try to promote the idea that we need to have a military pay raise, renovate standard housing, improve military training, and review overseas deployments to reduce family separations.

The President also has recognized the concept of a citizen soldier. I can relate to that. I like to think of myself as a citizen legislator. These are individuals who have regular jobs but take a spell from those jobs to serve our country. That is our National Guard and Reserve troops, and States play an important role. The National Government plays an important role to make sure these citizen soldiers are readily available in time of national emergency to serve our country and its defense.

The third item he has talked about is the transformation of the military to a stronger, more agile, modern military, which has both stealth and speed.

I think we also need to rethink our vulnerabilities and the time to do it is now. We need to rethink our strength, and the time to do it is now, while we are transitioning from one administration to another. There is no doubt in my mind that for the last 8 years our defense structure in this country suffered intolerably. It is time we made very significant changes. I support the idea that we need to increase spending for defense.

As we look at our vulnerabilities and strengths, we certainly need to base our thinking on the new technology that we have and what the future is for the development of that new technology. We need to think about the future threat from potential adversaries. We need to work toward the idea of more peace and more freedom through renewed strength and renewed security. Based on all of that, we have to control the high ground. I think that is as true today as it was two or three

centuries ago. Controlling the high ground is very important in the field of battle.

I am a strong proponent of looking at an enhanced role for space. We must think in terms of a space platform. By controlling that high ground, we would secure all our forces and secure our national defense system. I believe the technology is very close, where we can move forward with some very significant steps in enhancing, in a modern way, our defense systems in America.

I want to take a little time while I have the floor to review the background of our National Missile Defense System—a step in that direction—and review a little bit about where I see we are today.

First of all, on the National Missile Defense System, I think we ought to quit referring to it as the "national" missile defense system. I think we need to refer to it as our missile defense system and get away from the vagueness of trying to identify a theater missile defense system and a national missile defense system. I think, from a foreign relations standpoint, when we use the term "national," it implies it is just for America. We are putting together a missile defense system, hopefully, that will secure world peace. I think we need to keep that in mind when we talk about what we are going to do to enhance our missile defense system.

In my discussion this morning on defense and the National Missile Defense System, I am just going to refer to it as the missile defense system.

Starting back in 1995, the Republican Congress consistently pressured the Clinton administration to make a commitment to deploy a national missile defense system. In 1995, then-President Clinton vetoed the Defense Authorization Act over its establishment of a national missile defense deployment policy.

Then, in 1998, the Rumsfeld report, now-Secretary of Defense Rumsfeld, said that a ballistic missile threat to the U.S. was "broader, more mature and evolving more rapidly" than the Intelligence Community had been reporting prior to that. The report also stated that:

The warning times the U.S. can expect of new, threatening ballistic missile deployments are being reduced . . . the U.S. might well have little or no warning before operational deployment.

That is what our current Secretary of Defense was saying.

Then, in 1999, the National Intelligence Council warned that:

The probability that a WMD armed missile will be used against the U.S. forces or interests is higher today than during most of the Cold War.

That was made in 1999 by the National Intelligence Council.

In 1999, finally, the President signed the National Missile Defense Act of 1999—referred to around here as the